

**Significant Factors Driving Department
And Institutional Budgets
FY 2004 - FY 2005**

November 18, 2003

**A Report from Departments and Institutions
to the Executive Appropriations Committee
of the Utah State Legislature**

**Compiled by
The Office of the Legislative Fiscal Analyst**

Introduction

With the passage of HB 1, Annual Appropriations Act, during the 2003 General Session of the Legislature, the following intent language was approved:

It is the intent of the Legislature that all state departments and institutions prepare a one page summary of the significant factors that are driving their various budget requests for FY 2004 and FY 2005. This summary should be given to the Office of the Legislative Fiscal Analyst by November 1, 2003. The departments and institutions should present their summaries to the Executive Appropriations Committee in the November 2003 meeting.

This draft report is the result of compliance with this intent. As the departments submitted their budget requests to the Governor, they included a form “102” which was used to identify the significant factors driving their budget increases.

In working with the departments and institutions, the Legislative Fiscal Analyst requested that, where possible and/or applicable, a funding request amount be included in order for the Executive Appropriations Committee members to have a point of reference. It is important to note that the funding requests are not the recommendations of the Governor or the Legislative Fiscal Analyst. In fact, the numbers may be modified by the departments and institutions as the budget process unfolds.

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Executive Offices and Criminal Justice

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Office of the Governor

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Information not available prior to meeting.				

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: Attorney General

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Attorney Fees	\$522,900	GF	FY04	One-Time

The requests for supplemental funding are driven by settlement of lawsuits whereby the state as the defendant is ordered or agrees to pay the plaintiff's attorney fees. The Attorney General's Office has traditionally paid such settlements from its operations budget and the legislature reimburses the Attorney General's Office for making these payments. Following is a breakdown: (1) \$385,000 for the UEA and UPEA lawsuits challenging the constitutionality of the Voluntary Contributions Act. The State agreed to pay UEA \$225,000 and UPEA \$160,000 in full and final settlement of all claims for costs and/or attorneys' fees incurred in the lawsuits or appeals. The Attorney General's Office was directed to pay the settlement fees from its operations budget. (2) \$114,900 pursuant to the Federal District Court's order, the state is obligated to pay plaintiff's attorney fees in the David C et al v. Michael Leavitt ongoing class action litigation concerning the state's child welfare system. This amount covers the time period of January 1, 2003 through August 31, 2003. (3) \$23,000 to pay plaintiff's counsel in the Brian Benard lawsuit challenging a statute dealing with gestational surrogacy. The judge found key portions of the statute to be unconstitutional.

Attorney Parity	\$1,506,500	GF	FY05	Ongoing
Attorney Parity	\$11,500	Fed	FY05	Ongoing
Attorney Parity	\$1,567,500	DC	FY05	Ongoing
Attorney Parity	\$130,600	GFR	FY05	Ongoing

The challenge of recruiting and retaining assistant attorneys general has reached the crisis stage as a result of the AG's inability to compensate them at levels competitive with local government and, most imperatively, other state government offices. UCA Section 67-8-3 mandates that AAG shall be placed "on a state salary schedule at a range comparable with salaries paid attorneys in private and public employment." The office recognizes that it cannot compete with the private sector but it should be funded adequately to compete with other state agencies, particularly the Utah Office of Legislative Research and General Counsel (LRGC). In 2001 the legislature authorized and appropriated funding for an average 23 percent salary increase for legislative counsel. Attorneys at the AG's Office are paid significantly less than attorneys at LRGK despite that they more than pay for themselves in terms of saved litigation costs and substantial settlement moneys brought into state coffers.

Tobacco Money Shortfall	\$100,000	GFR	FY05	Ongoing
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The model settlement agreement (MSA) with tobacco companies requires each participating state to enact legislation requiring tobacco companies who did not participate in the settlement (NPMs) to deposit into separate trust accounts an amount equal to the contribution required by the MSA. The MSA requires the state attorneys general to enforce the NPM statutes and see that the deposits are made. We are required to report our enforcement efforts regularly in meetings with tobacco companies. If states allow the NPM market share to increase, the amount of the settlement payments to the states under MSA decreases commensurate with the loss in market share. The AG just received information from Mark Greenwold, chief tobacco attorney at the National Association of Attorneys General (NAAG), indicating that market share adjustments resulting from NPM increased sales in 2003 have resulted in a decrease in payments due in April 2004 of \$501 million. Utah's share of this decrease is \$2.2 million. This adjustment can be substantially reduced by state attorneys general vigorously enforcing the NPM statutes.

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: Department of Public Safety
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Lease Payments	\$347,400	GF	FY04	One-Time
Lease Payments	\$412,800	GF	FY05	Ongoing
<p>The supplemental and ongoing appropriation requests being submitted are to fund lease payments and increases in lease payments that have never been funded. Prior to the general fund reductions, the new leases and increases in lease payments have been absorbed in base budgets. The costs can no longer be absorbed without additional funding. Following provides a breakdown for the FY 2004 supplemental one-time funding: (1) \$195,000 for the Bureau of Criminal Identification; (2) \$50,000 for the Commissioner's Office; (3) \$102,400 for the Utah Highway Patrol. The same distribution applies for FY 2005 ongoing funding with the addition of \$65,400 for the Communications Office in Cedar City.</p>				
Criminalist and Document Examiner	\$107,900	GF	FY05	Ongoing
<p>The criminalist and document examiner positions have previously been funded by CCJJ grants which have met the maximum grant period. There is only one document examiner employed by the state of Utah and if this position is not funded, these services will have to be sent to the FBI or contracted with an outside professional. This is very costly, either for the state or the agency submitting the request. The criminalist position is assigned in the Price Crime Lab. If the position is not funded, it will be necessary to either close the Price Lab or to move one person from the Salt Lake Lab to the Price Lab. The caseload in Salt Lake is such that it would be detrimental to all of law enforcement and the courts to lengthen turn-around time on cases which is what would occur with reassignment of a criminalist position.</p>				
In-Car Technology	\$750,000	GF	FY05	Ongoing
<p>The In-Car Technology request is for ongoing funds to begin a rotation of the equipment and to provide tech support for the UHP all over the state. In car technology is a money saver in the long run and reduces obligated time for the troopers. This allows them to perform more active law enforcement duties slowing the need for more personnel.</p>				
Utah Highway Patrol Special Operations	\$144,500	GF	FY05	Ongoing
<p>The special operations section conducts DUI squad enforcement, SWAT operations, and K-9 operations in the area of drug detection, officer protection and subject apprehension. The section also conducts highway drug interdiction operations. Without additional funding, the section will not be able to maintain certifications and proper equipment. These are necessary for officer safety and liability issues.</p>				
Grant Accounting Technician	\$40,000	GF	FY05	Ongoing
<p>The Department of Public Safety currently manages 287 grant programs. Each grant is an independent program generating increased workloads in all areas of accounting as well as increases in monitoring and reporting criteria. These programs are essential to subsidize current state funding provided for the execution of the department's core mission.</p>				
Forensic Computer Lab	\$264,000	GF	FY05	Ongoing
<p>If additional funding is not approved, the Forensic Computer Lab will have to limit the amount of support and assistance that it can provide to other criminal justice agencies. The growth of computer-related crimes has grown so rapidly that there is currently an 18-month case turnover rate, which impairs effectiveness and delays law enforcement intervention.</p>				
Evidence Technician	\$56,000	GF	FY05	Ongoing
<p>The Department of Public Safety and the State Bureau of Investigation do not currently have an evidence technician. Evidence handling and storage are performed by a multitude of officers and support personnel without the degree of focus and expertise needed to assure consistency. Without funding, evidence handling will continue to be distributed in ad hoc fashion, with less consistency than is needed.</p>				

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Administrative Office of the Courts
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Lease/Contracts	\$471,400	GF	FY05	Ongoing
Lease/Contracts	\$400	DC	FY05	Ongoing
Lease/Contracts	(\$322,200)	GFR	FY05	Ongoing
Mandates from previous years' contracts and obligations discussed and authorized by the Legislature.				
Jury/Witness/Interpreter	\$559,300	GF	FY04	One-Time
Jury/Witness/Interpreter	\$150,000	GF	FY05	Ongoing
Mandate from the Constitutional right to jury trial, witnesses, and interpreters. The FY04 one-time funding pays for the amount in arrears which has accumulated in previous fiscal years.				
Second District Juvenile Court Commissioner	\$223,000	GF	FY05	Ongoing
The Second District Juvenile Courts are carrying the highest workload per judge in the state.				
Restoration of State Supervision	\$384,300	GF	FY05	Ongoing
Demographic trends indicate a sustained increase in the number of children at risk and delinquency referrals are increasing. This funding partially restores budget reductions in previous years amounting to \$640,000.				
Restoration of Appellate Mediation	\$157,800	GF	FY05	Ongoing
Litigant costs through mediated appeals are approximately one-fifth or 20 percent of a standard appeal. On average, final resolutions through mediated appeals require only a quarter of the time of standard appeals. Litigants benefit through time and cost savings in achieving resolutions.				
Sanpete Day Reporting Center	\$127,500	GF	FY05	Ongoing
There is a lack of services for youth in the Sixth District. Local community leaders have requested the courts to seek funding to establish a day reporting center to serve as a single point of contact for youth services in the Sixth District. This area of the state is the only area that has no access to this type of resource.				
Digital Recording	\$100,000	GFR	FY05	One-Time
In the 2003 Legislative Session, the courts request two appropriations of \$100,000 each to fund Court Reporter Technology. The Legislature funded the first \$100,000 request. This is the second part of this funding request.				

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Adult Corrections (UDC)
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
CUCF Operations (192 Beds)	\$2,199,700	GF	FY05	Ongoing
The current demand for secure housing has consumed all of UDC's prison capacity. The amount requested for the CUCF facility will fund the 12-month operation of the facility to open in October, 2003.				
Oxbow Operations	\$7,804,000	GF	FY05	Ongoing
Oxbow CCC Operations	\$1,575,400	GF	FY05	Ongoing
UDC has used all available housing for females. This amount provides 70 additional beds for housing of females and also 90 beds for a CCC facility for female probationers and parolees.				
VOITIS Facility Alternative	\$6,296,500	GF	FY05	Ongoing
If the Legislature does not choose to fund the Oxbow Jail, UDC proposes an alternative. The unoccupied VOITIS dormitory can provide 300 beds for females. Under this plan, Corrections would still use one pod of the Timpanogos facility for higher-risk female offenders. But, UDC will be unable to open a female CCC, and will still be required to house females in a number of separate locations.				
Probation and Parole Agents	\$674,500	GF	FY05	Ongoing
This request will allow AP&P to maintain caseloads at current levels through FY05.				
Diagnostic/Crime Victims Reparation Funds	\$750,000	GF	FY05	Ongoing
In an attempt to restore funds due to cuts, the Legislature transferred some funding from the Crime Victims Reparations Fund to cover costs in FY04. That funding source will be eliminated in FY05; this budget request will supplant those funds with a general fund allocation.				
Timpanogos Substance Abuse Thera. Comm.	\$618,400	GF	FY05	Ongoing
As part of the Oxbow facility opening, female offenders will be moved out of two units of the Timpanogos facility. This request will fund a number of treatment staff to provide a therapeutic community for males in the two units of Timpanogos vacated by the female population.				
Sex Offender Treatment Program	\$428,200	GF	FY05	Ongoing
Many offenders are prevented from parole until receiving some level of treatment.				
Replacement funding for Ascend Program	\$98,000	GF	FY05	Ongoing
The Ascend program is a federally-funded treatment program for incarcerated offenders. The federal funds will end during FY05. This request replaces this lost funding.				
Hepatitis Treatment in Prison	\$400,000	GF	FY05	Ongoing
These funds will allow for Hepatitis testing of all inmates in the adult system and treatment resources for offenders who test positive for this disease.				
FY05 Jail Reimbursement Growth	\$1,806,700	GF	FY05	Ongoing
FY05 Jail Reimbursement Core Rate Increase	\$618,100	GF	FY05	Ongoing
UDC is obligated by statute to pay the counties 70% of the total cost for housing probationers sentenced to prison as a condition of probation. These budget requests will cover the cost of projected increases in billing for FY05, and a change in the core rate.				
FY05 Contracting Core Rate Increase	\$1,245,000	GF	FY05	Ongoing
UDC contracts with county jails to lease space in jails to house inmates. This request will pay for the core rate change for the current contract during FY05.				
FY04 Jail Reimbursement Supplemental	\$1,155,500	GF	FY04	One-Time
UDC needs additional jail reimbursement funds to maintain the statutory requirement of 70% of the cost of housing offenders.				

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Youth Corrections

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Dixie Area Detention Operating Costs	\$1,896,900	GF	FY05	Ongoing
The detention center was built to address population growth and overcrowding in the Washington County area. FY 2004 funding includes three months of operating costs based on the expected opening of the facility in April 2004. This request provides funding for the facility to operate for the entire fiscal year.				
Canyonlands (Blanding) Operating Costs	\$698,300	GF	FY05	Ongoing
The previous Blanding facility had Shelter beds to serve the clients in this area. This request reestablishes the ability to provide these services in the southeast portion of the State. Observation and Assessment beds allow for these services to be provided in the local area, rather than continuing to remove clients from the area and transporting them to other facilities in Richfield and Springville.				
Clinician	\$65,100	GF	FY05	Ongoing
	\$7,200	Xfer	FY05	Ongoing
The addition of this position allows the Division to meet projected growth needs in the Washington and Iron County areas. This position provides for oversight of clinical services in addition to the delivery of direct care, (clinical), services to individual youth, and their families. The position will also provide assistance with med-management, crisis intervention and in-service training development.				
Genesis	\$569,100	GF	FY05	Ongoing
The funding for Genesis from the restricted Victim Restitution Account is dependent upon Juvenile Justice Services saving \$569,100 from their operating budgets each year in order to replenish the appropriated amounts. This request provides a permanent/reliable funding source for the Genesis program and eliminates pressure to cut other Division services to meet these funding requirements.				

Capital Facilities and Administrative Services

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: Administrative Services
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
DFCM Funding	\$2,800,000	GF	Both	Ongoing

DFCM Administration is a mandated program of the State as specified in Utah Code 63A-5-101. Until the recent budget problems, General Fund was the main funding source. In FY03 and FY04, funding came from DFCM's Project Reserve Fund and Contingency Fund. These sources cannot sustain this funding on a long-term basis because these funding sources fluctuate with the market and budget conditions. DFCM is requesting restoration of General Funds to the DFCM Administration budget.

State Archives Staff/O&M	\$70,000	GF	Both	Ongoing
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Archives will be moving out of its current facility on Capitol Hill in May 2004 and moving into a new building new being built south of the Rio Grande building. Maintenance and operations costs need to be added to the base budget for both FY04 and FY05. Part of the new building is an automated storage and retrieval system that consists of two robotic cranes that will retrieve and put back boxes of records upon demand. Funding is needed for the maintenance contract for this system. A new position is also needed in Archives to augment the current staff to carry the load of advising and consulting state agencies in records management. Of particular need is expertise in the management and preservation of electronic records and the development of grant proposals to develop methodologies in the implementation of electronic record migration and preservation techniques. Other areas needing attention are preservation of sound recordings, videos and films. One FTE is needed to handle the presentation of these records.

Statewide Accounting System	Not Defined
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The current version of the statewide financial accounting system (FINET) will not be supported by the manufacturer beyond July 2005. The new version of the software is a major rewrite of the software and will be web based. The state must do something to adjust to the change in the software and cannot risk using the current version without a maintenance agreement. The cost of changing to a different system indicates that it could cost more than twice as much to move to another vendor. Staying with the same vendor will also have the lowest impact on agencies. The state needs to complete the upgrade by July 2005 when the maintenance of the current version expires, and this project should begin as soon as possible after January 2004.

Issues

Administrative Rules

Since the automation of rule filing in September 2001, the Division has documented that approximately 27% of rule filings require substantive corrections prior to publication. Rules does not know how many substantive frilling errors have been missed because of inadequate levels of staff. Rules needs to improve the level of review so substantive filing errors are not published. This protects state agencies from having their rules struck down on a procedural challenge. **No budget impact at this time.**

Motor Pool

Two years ago, the state was in the process of funding the borrowing from the General Fund to purchase new vehicles for the motor pool. The funding was set at \$4 million per year. Because of the budget situation in the last two years, the funding was discontinued. Now the state needs to restore this funding in order to prevent the borrowing from increasing further.

Commerce and Revenue

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Insurance

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Update critical software	\$55,000	GF	FY05	Ongoing
	\$55,000	GF	FY04	One-time

This is the Insurance Department's data base for the regulation of companies, agents, and agencies. The Enhanced Upgrade Agreement is a mandatory critical requirement.

Rebuild HIPUtah reserves	\$14,000,000	GF	FY05	Partial
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This will bring the HIPUtah program up to actuarially sound levels. Ongoing funding will be less.

Department: Workforce Services

General Assistance caseload	\$2,424,300	GF	FY 05	Ongoing
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Since the summer of 2000, caseloads have increased by 60%. This request is for a restoration of \$1,366,900 reduction made in Dec 02 Special Session (\$1,000,000 in one-time funding was provided in the last session), and \$1,057,300 additional funding is needed for continued caseload growth.

Food Stamp Match rate change	\$454,800	GF	FY05	Ongoing
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The federal government changed a 100% federally funded program to a 50% state match in this mandatory Employment & Training program. The legislature funded this change with one-time money in FY 2004 and DWS requests that this one-time funding be made ongoing.

Food Stamp caseload growth	\$945,200	GF	FY05	One-time
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Caseloads have increased 40% since May 2001. Food Stamp eligibility is funded with a 50% match. Food Stamp caseloads tend to lag economic trends by six to twelve months and the department expects that they will need the additional funds through FY05 or until the economy rebounds.

Child Care matching funds	\$2,789,700	GF	FY05	Ongoing
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TANF reauthorization will require single mothers to work more hours resulting in an increased need for child care. The increased need is estimated at \$9,700,000 with a 28.76% state match.

Food Stamps, Medicaid to eREP	\$1,476,000	GF	FY04	One-time
	\$1,476,000	FF	FY04	One-time
	\$4,844,900	GF	FY05	One-time
	\$4,844,900	FF	FY05	One-time

EREP is the enterprise eligibility determination system that will replace PACMIS, the eligibility determination system that the departments of Workforce Services, Health, and Human Services have been using over the past 15 years. The Temporary Assistance to Needy Families (TANF) and Child Care programs along with the core administrative module, which will support all eligibility programs, have been built with \$29 million in TANF federal funds. The additional funds needed for FY 2004 and FY 2005 to add Medicaid and Food Stamps to the system is \$12,641,800 with a 50% state match.

Department: Tax Commission

Davis Co. rent	\$110,000	GF	FY05	Ongoing
Davis County has exercised its option to have the State Tax Commission do the combined motor vehicle/registration work. This will cost \$110,000 for office space. Other costs are covered by agreement.				
Make auditors ongoing	\$220,700	GF	FY05	Ongoing
Last session, the Legislature provided one-time funding to maintain four auditors that otherwise would have been cut. This request is to make the funding ongoing. Avg. annual assessment/auditor in FY03 was \$658,900.				
Make collectors ongoing	\$153,900	GF	FY05	Ongoing
Last session, the Legislature provided one-time funding to maintain four collectors that otherwise would have been cut. This request is to make the funding ongoing. Expected annual collections/collector is \$550,000 to 650,000.				

Department: Labor Commission

Industrial Accidents	\$455,500	GF	FY05	Ongoing
Funds were changed from GF to Uninsured Employers' Fund and Workplace Safety Fund. Continued use of these funds will create actuarial problems in future years. Request that the funding return to GF.				

Department: Alcoholic Beverage Control

Bond payment	\$350,200	Rest.	FY05	Ongoing
Last session the Legislature funded $\frac{3}{4}$ of bond payments necessary for the new building. This is the final $\frac{1}{4}$.				
Tooele store FTE	\$75,000	Rest.	FY05	Ongoing
The Tooele store has been increased from 2,286 square feet to 10,000. The store still has 3 FTE and this request is to add three more (1 full-time, 2 part-time).				

Department: Commerce

Additional FTE & Misc.	\$762,300	Rest.	FY05	Ongoing
Workload FTE for Customer Service, Gas Analyst, DOPL Commerce Manager I, DOPL Criminal Background Check Secretary, Real Estate License Technician, DOPL Attorney General, Real Estate Board Secretary, Real Estate Receptionist, Real Estate Chief Examiner, Real Estate Examiner.				

Economic Development and Human Resources

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Community and Economic Development

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Tourism Marketing and Development	\$500,000	GF	FY05	Ongoing
There is an increasing need to promote the Utah Brand in the increasingly competitive tourism market. There is a push for coordinated promotion between the state and local governments.				
Business Retention and Expansion				
Utah Technology Alliance	\$450,000	GF	FY05	Ongoing
To accelerate the economic recovery of Utah, there is a need to enhance business retention and attraction. Ongoing funding for the Utah Technology Alliance is needed to continue to promote Utah as a destination for Technology and Entrepreneurial businesses.				
Manufacturer's Extension Partnership	\$574,000	GF	FY05	Ongoing
The Manufacturer's Extension Partnership provides services to small manufacturers in the state. These services help maintain the viability of the manufacturers. The program is in jeopardy of losing its federal match. Loss of federal funds would effectively shut down the program.				
Outdoor Recreation Ecosystem	\$500,000	GF	FY05	Ongoing
The agency would like to see funding to retain retailers already in Utah who participate in the outdoor recreation ecosystem. In addition they would like to draw new retailers to the state.				
Replenishment of the IAF	\$6,224,500	GF	FY04	One-time
The IAF provides post-performance disbursement grants to companies that create jobs that pay higher than prevailing wages and create economic impacts in Utah. Replenishment of last years commitments is requested.				
Community Development				
Homeless Programs	\$100,000	DC	FY05	Ongoing
With the declining economy there has been significant growth in the demand for homeless programs and funding.				

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Career Services Review Board

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Caseload Growth	\$50,000	GF	Both	Ongoing

The Career Service Review Board has seen increased caseload growth resulting from state staff reductions. More cases are being filed with the board and it is taking longer to resolve these cases. As a result the time and resources necessary to litigate these cases has increased. Many of these cases are going before the full board.

Health and Human Services

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Health

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
eREP Eligibility System	\$222,000	GF	FY04	One-Time
	\$238,000	GF	FY05	One-Time

Required to maintain an eligibility system which is critical to maintain access to the Medical Assistance programs.

Medicaid Utilization/Caseload	\$21,960,300	GF	FY05	Ongoing
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The Medicaid program is expected to grow 9.5% in utilization during FY 2005. Growth in eligible population has also increased approximately 11% this past year due to the weakened economy. The costs involved in keeping up with the increased Medicaid utilization/caseload levels for fiscal year 2005 has been determined to be approximately \$21,960,300 in general funds and \$82,025,500 in total funds.

Medicaid Inflation	\$15,812,100	GF	FY05	Ongoing
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To comply with Federal mandates and to continue with broad base services for the Medicaid Program in Utah, it will be necessary to compensate Medicaid providers for their increased costs in order form them to provide adequate medical services. In reviewing the inflationary costs for the current Medicaid Program, an overall inflationary increase of over 7% in fiscal year 2005 is used. Total funds are estimated at \$60,705,900.

Replacement of Tobacco Funds	\$2,000,000	GF	FY05	Ongoing
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Restore State General Funds to existing programs temporarily funded with Tobacco Funds for four existing Division of Community and Family Health Services programs that can no longer be completely supported by Tobacco Master Settlement Agreement Funds. (Health Promotion Bureau, Heart Disease and Stroke Prevention, Cancer Control, and Immunizations).

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Human Services

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
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I. CHANGING DEMOGRAPHICS / POPULATION GROWTH:

Division of Child and Family Services:

The populations of youth age 0-17 will increase by 72% over the next 10 years – an average of 19,500 more youth per year. By the age of 18, one in 34 youths will enter DCFS custody or supervision.

Out of Home Services Increases	\$1,264,000	GF	FY05	Ongoing
<i>Increased caseload, costs, shift to more specific skills training, more “wrap-around” services to reduce institutional settings.</i>				

Adoption Caseload Growth	\$795,200	GF	FY05	Ongoing
<i>Estimated 330 additional adoptive placements during FY 2005 in need of subsidies.</i>				

Division of Services for People with Disabilities:

As the general population grows, so does the number of people with disabilities eligible, and in need of, assistance. The State is being sued over 1,300 plus individuals waiting for community services.

Emergency Services	\$824,500	GF	FY05	Ongoing
<i>Estimated 54 people with disabilities in crisis or ordered into service by the court in FY 2005.</i>				

Mandated Additional Waiver Services	\$590,500	GF	FY05	Ongoing
<i>Additional entitled services for 83 people currently in the Medicaid community waiver.</i>				

Mental Health:

Additional Competency, PASRR Evaluations	\$221,400	GF	FY05	Ongoing
<i>Increased demand for court ordered competency evaluations, also for “Pre-admission Screening and Resident Reviews” (PASRR) required prior to nursing facility admission.</i>				

Office of Recovery Services:

Process Service Fee Increases	\$59,500	GF	FY05	Ongoing
	\$59,500	GF	FY04	One-time

Increased number of legal documents processed and related fees.

Additional Judicial Enforcement Staff	\$423,600	GF	FY05	Ongoing
<i>Need for additional attorneys and staff to handle increased large arrearage cases. Includes increased cost of contract AG attorney services</i>				

Division of Aging and Adult Services:

The population of elderly, ages 65 and over, will increase by nearly 30% over the next 10 years – an average of almost 5,800 more elderly per year. Of the 65 and over population:

- Over half report having at least one disability.
- 14% have difficulty with daily activities such as eating and dressing.
- An additional 8% have difficulty with activities such as preparing meals, shopping, housework, managing money, using the phone.
- 10% live in poverty.

II. STATE HOSPITAL STAFFING NEEDS:

“Rampton II” Staffing Needs	\$270,300	GF	FY05	Ongoing
	\$90,200	GF	FY04	One-time
<i>To fund additional staff needed in the new facility’s Youth Section.</i>				
Forensic Beds	\$2,188,100	GF	FY05	Ongoing
<i>Restore funding cut which closed one wing in the new forensic facility. There is pressure on the Hospital, the courts, jails and the mental health system to handle growth of referrals.</i>				

III. FEDERAL GRANTS / COURT REQUIREMENTS:

Grants’ Maintenance of Effort Restoration	\$1,160,900	GF	FY05	Ongoing
	\$1,111,200	GF	FY04	One-time
<i>Recent budget reductions have brought the State’s funding support of mental health and substance abuse programs below minimum required by federal grants.</i>				
Court Monitor and Coordinators	\$598,000	GF	FY05	One-time
<i>DCFS is required to fund the court appointed monitor and the regional coordinators who evaluate progress toward achieving the goals of the court-approved “Milestone Plan.”</i>				
Services Improvement Requests	\$740,800	GF	FY05	Ongoing
<i>DCFS requests funding to improve services in the area of domestic violence, to provide kinship support services, and to begin providing post adoption support case management.</i>				
ORSIS, SAFE, and USSDS Modifications	\$543,900	GF	FY05	One-time
<i>Modifications to existing human service data systems are required to enable them interact with the new “eREP” system being developed by the Department of Workforce Services.</i>				

IV. SUBSTANCE ABUSE:

Substance abuse is a key driving factor for many Human Services issues (e.g., child abuse, domestic violence, criminal behavior). Seventy percent of inmates in the State Prison system need substance abuse treatment. There is a tremendous growth in the number of women and women with children entering treatment programs. METH is the major source of abuse among both men and women.

Higher Education

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Utah System of Higher Education

Total Request: \$44,300,000.

#1. USHE Priority: Salary and Compensation

- Salary competitiveness has diminished after two years without state-funded increases.
- Faculty and staff continue to fall farther behind market benchmarks.
- Decreased take-home pay has resulted from increased employee health insurance cost-sharing.
- Despite Regent and institutional progress in efforts to better manage health benefits, health benefit cost increases continue to outpace the capacity of institutional resources.

#2. USHE Priority: Enrollment Funding and Access

- Access and quality are threatened by partial to no funding for enrollment growth for three consecutive years.
- While student headcount enrollment increased 1.2% in Fall 2003, FTE students increased only 0.6%, partially due to the inability of campuses to expand courses and sections, causing de facto enrollment caps.
- From 1998-99 to 2003-04, state funding declined \$930 or 16.6% per FTE student adjusted for inflation.
- Approximately 10,500 FTE students are unfunded, having received no state enrollment funding (10% of all FTE students).
- UCAT lacks funding for 869,354 membership hours (21.3% of all membership hours).
- The number of courses taught by adjunct/part-time faculty continues to climb.
- Inadequate enrollment funding forces higher tuition increases, excluding those unable to pay.

#3. USHE Priority: Facilities Operation and Maintenance

- State support is needed to operate and maintain facilities constructed to accommodate growing demand and replace space with life-safety concerns.
- Fuel and Power rate increases have not received permanent base funding for three years, requiring annual one-time reallocations that could have enhanced instructional programs.
- Due to limited training facilities in some regions, UCAT requires permanent lease funding to free up resources originally designated to support instructional offerings.

#4. Factors Driving Additional Needs

- To bolster Utah's economy and provide for the care of Utah residents, expanded capacity is needed for critical programs in engineering and nursing.
- Annual cost increases in core support functions, such as library materials and IT software and hardware, drain resources or limit services for front-line instructional programs.
- As tuition increases outpace increases in need-based student financial aid, lower income and non-traditional students face financial challenges which impede their enrollment and completion.
- With the number of New Century Scholarship students continuing to double every year, insufficient funding threatens to limit the scholarships.
- Base adjustments are needed for Americans with Disabilities Act accommodations; the federal SEVIS mandate; and water, sewer, garbage, postage, and internal service fund rate increases.
- Additional institutional needs to address critical campus programs abound, ranging from student employment to cooperative extension.

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Utah College of Applied Technology

#1. UCAT Priority: Membership Hour Growth Funding

- UCAT lacks funding for 869,355 membership hours (21.3% of all membership hours).
- Access and quality are threatened by partial to no funding for enrollment growth

#2. UCAT Priority: Salary and Compensation

- Salary competitiveness has diminished after two years without state-funded increases.
- UCAT faculty are experts in technical fields; the institution continues to lose faculty to business and industry employers willing to pay for this expertise.
- Faculty and staff continue to fall further behind market benchmarks.
- Decreased take-home pay has resulted from increased employee health insurance cost-sharing.
- Despite Regent and institutional progress in efforts to better manage health benefits, health benefit cost increases continue to outpace the capacity of institutional resources.

#3. UCAT Priority: UCAT Core Support

- To bolster Utah's economy and provide for the care of Utah residents, expanded capacity is needed for critical programs such as nursing and health science related fields.
- Annual cost increases in core support functions, such as instructional equipment, library materials and IT software and hardware drain resources or limit services for front-line instructional programs.
- As a result of partial to no funding for enrollment growth, instructional programs have had to be reduced affecting the ability of the institution to fulfill its mission to meet employers' demands.

#4. UCAT Priority: Administrative Support Funding

- As UCAT is asked to serve a growing number of students it is necessary for the Central Office and individual campuses to have enough administrative staff to appropriately accommodate these additional students' needs.
- UCAT Central Administration continues to operate with partial staffing, stretching to complete reports, facilitate college-wide coordination; obtain accreditation, and other obligations with just 3.4 FTE.

#5. UCAT Priority: Facilities Operation and Maintenance and Leases

- State support is needed to operate and maintain facilities constructed to accommodate growing demand and replace space with life-safety concerns.
- Fuel and Power rate increases have not received permanent base funding for three years, requiring annual one-time reallocations that could have enhanced instructional programs.
- Due to limited training facilities in some regions, UCAT requires permanent lease funding to free up resources originally designated to support instructional offerings.

#6. Factors Driving Additional Needs

- Base adjustments are needed for Americans with Disabilities Act accommodations, water, sewer, garbage, postage, and internal service fund rate increases.
- UCAT needs a comprehensive central Information Management System to track, record, and report campus specific data at a central level.
- In order to grow and expand the Custom Fit Training Program to meet market needs, additional funding is necessary.

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: Utah Education Network

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Network Capacity, Reliability & Security	\$400,000	GF	FY05	Ongoing
	\$650,000	Fed	FY05	Ongoing

Reliable, robust, and secure access to UEN's Wide Area Network is as essential to educators, students, and staff as buildings and electricity. Teachers and faculty now use the Network to acquire much of the information they teach and share with students, administrators, and peers. Schools, colleges, and universities depend on UEN for more than 200 mission-critical network applications. For the past several years, Network traffic has doubled every 18 months. To keep up with demand, UEN is currently undertaking the most dramatic Network upgrade in eight years. UEN requests additional state funds to leverage Federal e-Rate grants and continue the second phase of the GeoMax project.

EDNET Conversion Internet-based Tech	\$240,000	GF	FY05	Ongoing
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EDNET is an essential videoconferencing system on which nearly 6,200 students rely on to take classes from every USHE institution. Thousands of public education students and teachers also depend on EDNET. The technology of EDNET is now becoming obsolete and unreliable and we must begin to modernize it or risk losing this essential resource. UEN proposes to initiate a multi-year conversion of the EDNET system to a digital, IP-based network. UEN will also aggressively pursue grants to cover a portion of the cost.

Enterprise-level Technical Support	\$140,000	GF	FY05	Ongoing
	\$120,000	GF	FY05	One-time

UEN provides numerous web-based tools for public and higher education. Examples include Pioneer online library, lesson plans, curriculum search, filtering, and video streaming. Usage of these tools has increased over 100% in the past year due to growing demand for web-based resources by faculty and teachers. For example there were nearly 470,000 public school visits to the Pioneer Online Library last school year alone, and 2.7 million visits to the UEN Home Page from January through August of 2003. To provide adequate storage space and technical support for UEN web services, the capacity of servers must be increased, and more staff support must be added. The ongoing support is for a new staff position and for equipment and software maintenance costs. One-time funds will be used to purchase servers and other equipment to increase storage capacity.

Salary Increases	TBD	GF/USF	FY05	Ongoing
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UEN employees have not had salary increases for the past two years. A modest salary increase is a high priority of UEN. However, we recognize that the decision to either fund a salary increase or not will be made at a statewide level by the Governor and Legislature. We are not including a request for salary increases in our budget recommendations, but anticipate that issue will be addressed later.

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Utah Medical Education Council

<u>Title</u>	<u>Amount</u>	<u>Revenue</u> <u>Source</u>	<u>FY04 or</u> <u>FY05?</u>	<u>Ongoing or</u> <u>One-Time?</u>
Utah Medical Education Council	\$625,000	GF	FY05	Ongoing

Changes in Federal Reimbursement policy and the movement to managed care threatened Utah physician and other training programs due to loss of significant funding. The federal intent was to shift more of these costs to states. One purpose for the creation of the Council was to find ways to overcome this problem and preserve Utah's training programs. The Council can get a 1 to 1 match for its administrative cost if there is a state appropriation. The Council has not had a state appropriation the last two years. The Centers for Medicare and Medicaid Services agreed to allow Utah to receive funds without the required state fund because of the serious state financial short fall. However, the federal funds end in FY 2004. Over a four year period the state was to gradually assume the full funding for the administrative budget of the Council. It is essential to have an appropriation to continue the work of the Council.

The Council is the only entity in Utah examining Utah's healthcare professions to determine what will be needed to assure Utah has the proper number and mix of professionals to provide the needed services to a growing and aging population. These analyses show that Utah has excellent training programs but they must expand to meet the workforce needs. The Council provides the leadership in developing strategies to meet the workforce requirements and to maintain the quality health care services Utah has enjoyed. Before the Council was created more than 44 Million federal dollars were not claimed for Utah because no entity had the expertise to capture these funds. The Council has identified resources and method to stabilize the funding for Utah's programs. The analyses and reports by the Council on workforce requirements show that Utah is on the edge of a crisis in being able to have the required workforce for our population.

A state appropriation of \$625,000 will assure the survival of the Council and the continued annual receipt of \$12,000,000 of federal support for Utah's programs. Without this the state will be left to fund more of the cost or risk loosing some of the programs.

Other states are facing the same crisis and many have reduced their programs upon which Utah was dependent for recruiting the professionals needed beyond what Utah is presently able to train. The work of the Council has preserved many programs and also brought the depth of the problem to the attention of many public and private entities. They are uniting under the Council's leadership to develop strategies to meet the current and future workforce needs and to find additional resources to preserve current programs and even ways to expand those programs proportionate to the state's growing need.

Natural Resources

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: School and Institutional Trust Lands Administration
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Increase in Development Operations	\$1,000,000	LGM*	Both	Ongoing
The development segment of the agency has shown a steady growth with an increase in revenue potential. In order for projects to be in the position of generating revenue, investments must be made in the raw land itself. This request is consistent with the need to increase revenue generation for the trust beneficiaries.				
Increase in Royalty Auditing	\$40,000	LGM*	FY05	Ongoing
Contractual compliance is critical for generation of trust land revenues. The agency caseload of active contracts to the level of staff currently employed to perform audit functions is very high. Additional funds for outsourcing some of the audit functions would greatly increase the program efficiency to determine compliance and maximize revenue collection by the agency.				

* Land Grant Management Fund (revenues from operations)

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Agriculture and Food

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Market News	\$72,300	GF	FY05	Ongoing
	\$22,000	GF	FY04	One-Time
Budget reductions taken included the Market News Program. UDAF secured emergency funding assistance through USDA to continue the service through February 2004. The Market News provides information for marketing decisions, for state and national databases, for access by universities for forecast and trend analysis, for insurance companies and law firms for fair settlements. No other agency collects critical market information in Utah.				
Grain Deficit	\$55,000	GF	FY05	Ongoing
The current decrease in business places this program in jeopardy and is needed to maintain essential fully trained and licensed staff to perform inspection and grading services on common grain to Utah.				
Egg and Poultry Grader	\$40,300	DC	Both	Ongoing
Contractual coverage at this facility is our state program responsibility and is fully funded by Delta Egg Farms.				
Brand Renewal	\$40,000	GFR	FY05	One-Time
Every 5 years the livestock brands and earmarks on record are renewed and a brand book published.				
Meat Inspector	\$18,400	GF	FY05	Ongoing
	\$18,400	Fed	FY05	Ongoing
The budget reduction identified this position to be cut, but we continue to have the same number of plants to be inspected. This program is funded 50% from federal funds.				
Salary Increases	\$289,128	DC/GFR	FY05	Ongoing
For Veterinarians, Environmental Health Scientists, Weights & Measures Inspectors, Environmental Practices & Compliance Specialists, Marketing Specialist, Compliance Specialist (pesticides), and Brand Inspectors. Many inspectors are leaving for higher paying positions or we are unable to hire the most qualified applicants. We have become the training ground with no experience or corporate knowledge retained in our divisions for the investments we have made in each employee. It is paramount we maintain a skilled and experienced work force.				
Building Maintenance	\$6,000	GF	Both	Ongoing
Rate Committee has approved a rate to be charged by DFCM for their services. The Governor's office has been supportive in funding, but the legislature has not. Therefore agencies are required by statute to pay the rate out of their base funding and causing a ripple affect in budgeting.				
Mormon Cricket/Grasshopper	\$350,000	GF	Both	One-Time
Populations in Utah are estimated to be the large in 70 years. 25 thousand acres were infested in 1997. The projection for 2003 is 5.0 million acres.				
Resource Conservation Technical Assist	\$104,300	GF	FY05	Ongoing
Restore TA & Adm funds lost from state budget cuts. TA is critical to insure land managers can install the project to protect water & soil resources to support the conservation effort in the state.				
Clean Water Act	\$100,000	GF	FY05	Ongoing
Provide financial assistance to 20-25 potential confined animal feeding operations.				
Brand Inspection Restricted Account	\$108,000	GF	FY04	One-Time
There is a shortage in the restricted account due to the drought where cattlemen have been forced to reduce their herd size.				

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: State Fair Corporation

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Increase in Fairpark Subsidy	\$200,000	GF	FY04	One-Time
	\$540,100	GF	FY05	Ongoing

Factors driving the FY 2005 budget request are:

1. No consistent funding source has been identified by the Utah Legislature, such as a tax or levy to support the Fair as stipulated in the 1994 legislative study recommending the privatization.
2. Funding from the Utah Legislature has varied from year to year in the last nine years since privatization, but has not been maintained at the levels (approximately \$700,000) prior to privatization.
3. Private industry has not been inclined to invest capital funds in Fairpark grounds because the property is owned by the State of Utah. Private industry clearly wants either very long-term leases, such as forty to fifty years, or they want fee simple interest in the land on which they want to build.
4. The Heritage Foundation, by threatening a lawsuit over the removal of old buildings on the Fairpark, killed development plans which would have given the Fairpark the initial anchor tenant it needed.
5. The current buildings, with the exception of five buildings, are either too small for the customers who come to the Fairpark to rent space, or the buildings are too run down to appeal to those customers.
6. While counties and other private groups are building new venues which are in direct competition with the Fairpark, the Fairpark has not been able to upgrade the size or quality of its rental facilities. An attempt by the Fairpark to construct a multi-purpose building was thwarted by two conflicting feasibility studies. The Fairpark is, therefore, losing market share to other venues.
7. The Coliseum was condemned and had to be demolished for lack of maintenance. That building which was a good revenue source has never been replaced.
8. The attack on America September 11, 2002 significantly decreased revenues that year. The following year (2002 fair) saw five days of rain which severely decreased revenues.
9. Much of the infrastructure on the Fairpark is very old - in some cases over 100 years old. The Fairpark is required to repair that infrastructure unless it is deemed a major repair such as the replacement of roofs. This means that the Fairpark must repair water line breaks and infrastructure repairs from its current budget.
10. The downturn in the economy has contributed to decreased interim building rentals and fair attendance in the past few years.

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Natural Resources

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
<u>Administration:</u> Energy Restricted Funds	\$430,700	GFR	Both	Ongoing
Petroleum Violation Escrow (PVE) Energy Funding Requirement: Appropriated funds were overly reduced last year; additional appropriations are needed to meet existing salary and project costs.				
Endangered Species Funding	\$450,000	GFR	FY05	Ongoing
Brine shrimp royalties have increased, allowing the proceeds to partially fund endangered species projects, making up for General Fund cuts.				
<u>Forestry, Fire & St Lands:</u> Utah Lake Planning	\$25,000	GFR	FY05	Ongoing
Resources are needed for costs of litigation, arbitration, and planning regarding Utah Lake boundaries.				
Lone Peak Initial Attack Fire Crew	\$168,000	DC	FY05	Ongoing
Funding is needed for seasonal firefighters to replace the "Flame and Go" program.				
Lone Peak Brush Disposal Crew	\$97,000	DC	FY05	Ongoing
Crews will clear brush to protect public and private property.				
Great Salt Lake Ramp Improvement	\$18,000	GFR	FY05	One-Time
The existing ramp has deteriorated and cannot be used without damaging equipment. Access is necessary for brine shrimp activities, water sampling, and search and rescue operations.				
<u>Oil, Gas & Mining:</u> Mine Reclamation	\$50,000	GF	FY05	Ongoing
Open mines pose a hazard to ORV riders, bikers, and hikers. Funding will close mines to prevent deaths and injuries.				
<u>Parks & Recreation:</u> Soldier Hollow Golf	\$200,000	GF	FY05	Ongoing
	\$115,000	DC	FY05	Ongoing
	\$1,237,200	GFR	FY05	Ongoing
	\$240,000	GFR	FY04	One-Time
To ensure the costs related to the golf course are covered prior to opening. The Division cannot absorb all start-up losses due to GF budget cuts in past three years.				
Utah Fieldhouse of Natural History	\$100,000	GF	FY05	Ongoing
Additional funding is needed for operation and maintenance costs for the bigger building. The division cannot absorb increased costs due to GF budget cuts in past three years.				
OHV Rider Management	\$200,000	GFR	FY04	One-Time
Restricted funds will be used for safety advertisements and cooperative efforts with county government.				
<u>Wildlife Resources:</u> Reimbursement	\$192,700	GF	FY05	Ongoing
To reimburse the division for licenses sold at discounts to senior and disabled citizens (per statute).				
<u>Utah Geological Survey:</u> Groundwater Section	\$116,500	GF	FY05	Ongoing
Studies will allow UGS to assess the conditions of aquifers, develop water management practices, to preserve and protect groundwater resources.				

Public Education

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Utah State Board of Education*

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Minimum School Program, Growth Total	\$33,210,000	USF		Ongoing
Growth in the number of students accounts for the essential increases necessary in the general educational programs as well as Board and Voted Leeway, Youth-In-Custody, the Electronic High School, and Charter Schools. Actual student growth at 1.2% exceeded anticipation for FY2004, and by 3,100 over the appropriated number of WPUs for FY04. The FY2005 student growth is projected to be an additional 1.5%.				
Minimum School Program	\$21,552,700	USF	FY05	Ongoing
Charter Schools, Growth	\$2,256,200	USF	FY05	Ongoing
Charter Schools, Growth (Current Year)	\$799,600	USF	FY04	One-Time
Board and Voted Leeway	\$7,500,000	USF	FY05	Ongoing
Youth in Custody	\$1,101,500	USF	FY05	Ongoing
Electronic High School (Current Year)	\$200,000	USF	FY04	One-Time
Electronic High School	\$200,000	USF	FY05	Ongoing
Minimum School Program, COLA Total	\$70,926,700	USF	FY05	Ongoing
Inflationary impacts on the value of the weighted pupil unit as well as categorical appropriations are in need of address. The annual effects of inflation need to be reflected in the increase in the value of the weighted pupil unit as well as categorical funding without the benefit of WPU increments. Additionally, inflationary costs for health, accident, and dental insurances are funded from increases in the value of the WPU, those costs need to be included in the actual increase in the value of the WPU and categorical funding supporting personnel.				
1.7% WPU Increase	\$29,259,500	USF	FY05	Ongoing
2.6% WPU Adjustment	\$41,667,200	USF	FY05	Ongoing
Minimum School Program, Restorations Total	\$10,424,800	USF	FY05	Ongoing
The critical nature of cuts to some areas of the public school financial program necessitates restorations. Particularly, cuts to the Adult Education Program jeopardize services to needy Utahns, and compound that jeopardy by creating maintenance of effort problems for the state with regard to qualifying for federal funds specifically targeted to adults in need of basic education and high school completion programs. Past cuts in the Quality Teaching Block strike at the ability of public education to affect change through the professional development of the educators asked to meet the ever-changing needs of Utah's students.				
Adult Education	\$2,604,200	USF	FY05	Ongoing
Quality Teaching Block Grant	\$6,751,500	USF	FY05	Ongoing
Capital Outlay Foundation Program	\$1,069,100	USF	FY05	Ongoing
Performance Plus Reform	To Be Determined	USF	FY05	Ongoing
While the Utah State Board of Education has taken a more deliberate approach to reforming Utah's public education around the issues of student competency, more timely turn-around of testing results required under the Utah Performance Assessment System for Students require additional funds for computers to enable on-line testing, development of a unique student identifier to track students, and development of sufficient forms of the Utah Basic Skills Competency Test to affect its full implementation. Serendipitously, meeting the requirements of U-PASS will position the state quite well to meet the testing needs of the federal No Child Left Behind Act.				

Depending upon the degree of implementation for reform, competency based education, or Performance Plus, additional funding would be necessary for assessment (diagnostic, formative), professional development, and most critically, interventions and remediation.

Utah State Office of Education	\$100,000	USF	FY05	Ongoing
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Support for increasing numbers of charter schools and oversight of alternative routes to licensure for educators have exceeded the capacity of the Utah State Office of Education. Increased staff to deal with these critical issues will affect the budget request.

Utah Schools for the Deaf and Blind	\$912,300	USF	FY05	Ongoing
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The ability to attract and retain qualified personnel with appropriate training to meet the needs of students with hearing and visual impairments is a major factor in the USDBs effort to fulfill its charge. USDB also has need for a small increase in the maintenance and operation portion of its budget directed toward its facilities, largely due to the normal depreciation of assets that were built in the early 1990s. Figures for the annual teacher salary adjustments are being finalized pursuant to Section 53A-25-111, and will be available at a later date.

Utah State Office of Rehabilitation	\$1,359,500	USF	FY05	Ongoing
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Growth in the number individuals needing rehabilitation services and assistive technology constitutes the largest portion of necessary increases to the funding for USOR.

* The State Board of Education is finalizing its FY 2005 budget request; figures presented in this document are preliminary estimates.

Transportation, Environmental Quality and National Guard

Summary of Significant Factors Driving Budget Increase Requests FY 2004 and FY 2005

Department: Transportation

<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Features Inventory Increase	\$964,000	TF*	FY05	Ongoing

New construction, reconstruction and betterments constantly add roadway features (lane miles), which require maintenance. Even new roads include signs that get damaged, marking require repainting, surface areas need snow removal etc.

Material Lab Equipment	\$300,000	TF	FY04	One-Time
	\$325,000	TF	FY05	One-Time

UDOT spends a great deal of money for pavement. Better surfacing mix designs could save the department millions each year. The equipment requested in these one-time requests is recommended in the final 2002 Pavement Design Guide published by AASHTO. UDOT believes that this equipment and research that is being done will create higher quality (and more durable) pavement layers, and a more competitive and flexible system for bidding different types and configurations of paving surfaces against one another.

Maintenance Station – Vernal	\$1,500,000	TF	FY05	One-Time
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The existing Vernal Station is on land owned by the city. It is in a downtown area. The station is too small and the trucks sit outside. In the winter, the hydraulics freeze and it takes hours to thaw them for use. The structure is old and in need of replacement.

UDOT has over 90 maintenance facilities. Most of them are old and in a condition similar to the Vernal station. The equipment does not fit properly and some of the stations are in locations that the public wants moved. If we were able to replace one facility a year, it would not keep up with the need and our buildings would need to last over 90 years.

***TF = Transportation Fund**

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Environmental Quality
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Underground Storage Tank Cost Recovery	\$87,000	GFR	FY05	One-Time
<p>Since 1993 the Legislature has appropriated over \$9.5 million dollars from the Petroleum Storage Tank Expendable Trust Fund to clean up underground storage tanks which are not covered under the trust fund. It is the department's responsibility to attempt to recover those expended funds from responsible parties. Recovery efforts will replenish expended funds making money available for clean up of other contaminated sites. The last four years the Legislature appropriated one time funding of \$87,200 for the Department to contract with the Attorney General's Office for cost recovery services.</p>				
High Level Nuclear Waste Opposition	\$500,000	GF	FY05	One-Time
<p>The Department of Environmental Quality has been involved in investigations to identify, evaluate, and communicate risks associated with the storage of high level nuclear waste in Utah. Recently the governor established an office through executive order within the Department of Environmental Quality to officially oppose storage of high level nuclear waste in Utah. Some of the duties of this office will be to organize hearings, continue with discovery of issues, hiring and use of expert witnesses, conducting depositions out of state, use of court reporters, preparing trial materials, and filing various pleadings in order to prevent these materials from coming to Utah.</p>				

**Summary of Significant Factors Driving Budget Increase Requests
FY 2004 and FY 2005**

Department: Utah National Guard
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<u>Title</u>	<u>Amount</u>	<u>Revenue Source</u>	<u>FY04 or FY05?</u>	<u>Ongoing or One-Time?</u>
Armory Facilities Maintenance	\$84,900	GF	FY04	One-Time
	\$132,500	GF	FY05	Ongoing

Recently the Building Board has mandated that DFCM assume maintenance responsibly for armories outside the metropolitan Salt Lake area and allow the National Guard to continue with maintenance responsibility for armories in the metropolitan Salt Lake area. This mandate will require additional costs of \$132,500 in FY 2005.